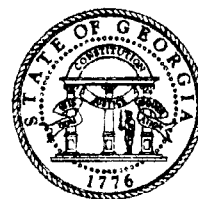


# GEORGIA REVENUE QUARTERLY



Zell Miller, Governor

T. Jerry Jackson, Commissioner

## HB 1162 CUTS \$205 MILLION

By REG LANSBERRY

ATLANTA—After another busy session of the General Assembly had passed into history in mid-March, perhaps the centerpiece of the myriad pieces of legislation signed into law by Governor Zell Miller was the historic \$205 million cut in state income taxes set forth in House Bill 1162.

Effective January 1, 1998, HB 1162 represents the second largest tax cut in state history. It raises the personal exemption for both taxpayers and dependents for Georgia income tax to \$2,700 each. (The prior exemption permitted under law was \$1,500 for taxpayers and \$2,500 for dependents.)

"This is a 15 percent income tax cut that will touch every Georgia citizen who is represented on a personal income tax form — an estimated 5.2 million people," Gov. Miller said in his Fiscal Year 1999 Budget Address. "It reduces the tax bill for a family of four by \$168. If you add together this income tax cut, the removal of the state sales tax from groceries, and the income tax cut of 1994, we have enacted the three largest tax cuts in Georgia history within a five-year time span."

HB 1162 also raises the deduction for the blind and citizens over age 65 from \$700 to \$1,200.

500,000 citizens. This is the second time the Miller Administration has provided income tax relief to Georgia's senior citizens.

"I have said over and over that government ought to collect only what it absolutely must have to provide the services taxpayers need, and return the rest to the taxpayers. I am proud to say that this is what we have done," Gov. Miller said.

Taken together, the \$205 million income tax reduction embodied in HB 1162, the sequential reduction —phased in over three years— in the state sales tax on groceries (\$550 million), plus other income tax relief initiated by the Governor during his eight years in office, comprises a total of \$878 million in tax cuts.

The 4 percent state sales tax on groceries will be fully eliminated on October 1, 1998 when the final 1 cent is removed from purchases of eligible foods and beverages purchased for off-premises consumption.

One immediate effect of HB 1162's passage necessitated changes to Georgia's income tax withholding tables. The revised tables

were printed and distributed by the Department of Revenue's Income Tax Division (carrying a May 1 effective date) in mid-April.

"By achieving a uniform personal income tax exemption of \$2,700 for all Georgia taxpayers and dependents, HB 1162 will help greatly in streamlining the processing of income tax returns by the Department," said DOR Commissioner T. Jerry Jackson. "The tax relief that the bill represents will also be immediately apparent in the new income tax withholding tables which went into effect on May 1. I invite anyone with

withholding Section at (404) 656-4181 or 4182, or access the new withholding tables at our DOR Website ([www.state.ga.us/departments/dor](http://www.state.ga.us/departments/dor))."

The \$205 million reduction in state income taxes represented one of the key legislative proposals of Gov. Miller's final General Assembly session as Georgia's chief executive. As he noted proudly at the annual "Eggs and Issues Breakfast" in mid-January, Georgia's economy has out-performed the nation's every year since 1991. A state with 1,578 international businesses, only New York, Chicago and Houston have more Fortune 500 headquarters located within their confines than does Atlanta.

(See HB1162 on page 7)

### NEW TABLES NOW AVAILABLE

Pursuant to the passage of HB 1162, the Georgia Department of Revenue's Income Tax Division has published and mailed new Income Tax Withholding Tables to all employers registered with the Division's Withholding Tax Section, in addition to tax practitioners and enrolled agents throughout the state.

Featuring updated withholding tables, the publication carries a May 1 effective date, though "As a practical matter, taxpayers can always adjust their payroll withholding through their employer's payroll office at any time during the year, and as many times as they would like," said John M. Corn, Director, Income Tax Division.

Businesses, or individuals, who would like additional copies can order them by calling their nearest DOR Regional Office or by contacting: Georgia Department of Revenue, Income Tax Division, P.O. Box 740387, Atlanta, GA 30374-0387.

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## COMMISSIONER'S LETTER

Dear Tax Professional:

Although the 1998 General Assembly session has concluded and the income tax filing season is over, the Department of Revenue nevertheless has a very busy agenda covering the next 18 months.

At the top of the list is the Year 2000 (Y2K) Compliance Project. This enormous undertaking involves mainframe computer systems in addition to midrange and personal computer applications. Consistent with the mandate from Governor Miller, the Department has been focusing its full energies to make certain that the Y2K Project remains "on track" to meet the inexorable January 1, 2000 deadline. We are also, per the Governor's instructions, preparing contingency (backup) plans in case any unanticipated problems arise.

Of the myriad bills passed by the General Assembly and signed into law by Governor Miller, House Bill 1162—this issue's cover story—might well have received the most publicity. The bill necessitated the Department's Income Tax Division issuing new Withholding Tables effective May 1 for use by all Georgia businesses. An article about those new tables is located on page 1.

Another important bill signed into law was House Bill 1784. It concerns the Department's distribution of approximately \$150 million in "unprocessable" sales tax monies received from over 180,000 retail businesses in Georgia that file monthly sales and use tax reports with us. Concerning our new sales tax computer system, the Department issued a comprehensive report titled "Progress Report on the New Sales Tax Return Processing System" in late March to Georgia city and county officials. The report explained, in depth, the entire scope of the new system and why the accumulated

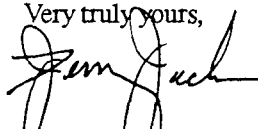
money was "unprocessable." As mandated by HB 1784, the Department made this distribution to Georgia's counties, local governments, and boards of education in late May.

Soon after the above-referenced report was issued, on April 1 the Department convened its quarterly meeting of the Local Government Advisory Council at the Trinity-Washington Building in downtown Atlanta. In attendance along with local government officials was our special guest, State Auditor Claude Vickers, who gave an updated report regarding his examination of the Department's sales tax computer system. Mr. Vickers said that, in his opinion, "The system is processing correctly."

In closing, it is important to mention how much the entire Department appreciates the hard work that is performed daily by everyone in the tax practitioner community. Not only do you help to facilitate the concept of voluntary compliance with tax laws (which, of course, helps keep local, state, and national government functioning), but you also perform the underrated mission of informing and educating taxpayers. This helps to make our many tasks at the Department—involving such complex areas as individual and corporate income taxes, sales tax, motor fuel, and motor vehicles—that much easier. It also serves to reaffirm taxpayers' confidence regarding the many positive things that tax dollars provide for all of us such as new roads, bridges and schools.

Thank you again for your role in this important effort.

Very truly yours,



T. Jerry Jackson  
Commissioner

## S.A.V.E. GRADUATES

At the conclusion of a four-day seminar sponsored by the Georgia Department of Revenue's Alcohol and Tobacco Division at the Clayton Regional Law Enforcement Academy in Jonesboro in late April, a total of twenty-nine (29) graduates received certificates after completing Project S.A.V.E. (Stop Alcohol Violations Early).

Project S.A.V.E. is a school-based alcohol prevention program offered to students in the 4th through 9th grades. S.A.V.E. teaches students how to avoid alcohol and resist pressure from both peers and adults.

"The Department congratulates all the graduates from this important train-the-trainer seminar," said DOR Commissioner T. Jerry Jackson. "We take alcohol prevention and education about the dangers of underage drinking very seriously and are confident that S.A.V.E. will prove to be a valuable teaching tool that can spread this message to young people throughout Georgia."

The S.A.V.E. seminar was first developed, evaluated, and implemented in Texas by agents of the Texas Alcoholic Beverage Commission who are experienced in the enforcement of liquor laws. The agents convey a realistic picture of the consequences that result from illegal underage drinking. Serving as instructors were six veteran TABC agents.

Seminar graduates included law enforcement officers from over 13 sheriff and police departments throughout Georgia, 5 law enforcement agents (instructor personnel) from the DOR's Alcohol and Tobacco Division, 4 agents from the North Carolina Department of Crime and Public Safety, and 1 agent from the Georgia Department of Juvenile Justice. The graduates can now tailor a seminar to their entire community by offering a program to students, parents, community groups, civic groups, and alcohol retailers. In particular, DOR Alcohol and Tobacco Division personnel will employ their training in the position of adjunct instructors at regional law enforcement academies throughout Georgia.

# 1998 LEGISLATION

## ALCOHOL & TOBACCO TAX

**Increased Penalties - HB 908 (O.C.G.A. §3-3-23.1; effective 7/1/98)** Provides for different and stronger penalties for a person convicted of knowingly acting as an agent to purchase or acquire alcoholic beverages on behalf of a person under 21 years of age, and further provides for different and stronger penalties for the purchase and possession of alcoholic beverages by persons under age 21. A first-offense conviction for acting as an agent is punished as a misdemeanor of a high and aggravated nature. A first-offense conviction for purchasing and/or possession by an underage person is punishable by not more than six months imprisonment and a fine not to exceed \$300, and shall subject the offender's driver's license to a six-month suspension. Conviction of a second offense shall subject the offender's driver's license to a one-year suspension.

**Definition of Hard Cider - HB 1180 (O.C.G.A. §3-2-1; effective 4/23/98)** Provides for a definition of "Hard Cider" and acts to classify it as a malt beverage. Hard Cider is defined as "an alcoholic beverage obtained by the fermentation of the juice of apples, containing not more than 6 percent alcohol by volume, including, but not limited to flavored or carbonated cider. . . ." "The term does not include 'sweet cider.'" Presently, alcoholic beverage ciders are taxed at the rate of table wines (\$.40 per liter). The change will allow ciders to be taxed at the rate of malt beverages (\$.1268 per liter).

**Alcohol License Applicants - No residency requirement - SB 111 (O.C.G.A. §§3-3-2, 3-3-21; effective 4/20/98)** Prohibits cities and counties from requiring applicants for alcoholic beverage licenses to establish residency in the respective city or county, if the license applicant designates an agent of the applicant who is an established resident of the city and county of application. The bill also defines "school" relative to the alcoholic beverage Code by adding "colleges of this state and is a public school or a private school as defined in subsection (b) of Code Section 20-2-690."

**Sunday Alcohol Sales - SB 537 (O.C.G.A. §3-3-7; effective 7/1/98)** Provides for counties having a population of 58,000 or more the ability to authorize Sunday sales of alcoholic beverages at road race track facilities with a permanent seating capacity of at least 10,000.

## INCOME TAX

**Health Insurance - Self-Employed Individuals - HB 1116 (O.C.G.A. §48-7-27; effective 1/1/99)** For tax years beginning on or after January 1, 1999, provides for a deduction relating to certain health insurance costs of self-employed individuals in the computation of Georgia taxable net income. The deduction is the entire amount paid by the taxpayer during the taxable year for insurance that constitutes medical care for the taxpayer, spouse and dependents which is not otherwise deductible pursuant to Section 162 of the Internal Revenue Code.

**Low-Emission Vehicle Tax Credit - HB 1161 (O.C.G.A. §48-7-29.2; effective 4/23/98)** Creates a tax credit for the purchase or lease of a new low-emission vehicle, or for the conversion of certain conventionally fueled vehicles. The credit is \$1,500 for new low-emission vehicles. The credit for conversions is the cost of conversion with a maximum credit of \$1,500 per vehicle. Effective for tax years beginning on or after January 1, 1998.

**Personal State Income Tax Reduction - HB 1162 (O.C.G.A. §§48-7-26, 48-7-27, 48-7-101; effective 1/28/98)** Commencing with tax years on or after January 1, 1998, provides for a reduction in taxable income by increasing the personal exemption to \$2,700 for self, spouse and dependent(s). It also increases the deduction for an estate to \$2,700, a trust to \$1,350, anyone age 65 or older to \$1,300, and blind persons to \$1,300. Also requires the Department of Revenue to revise and publish new employer's withholding tables, revise individual tax forms and instructions, and revise audit programs within the individual income tax processing system. Additionally, commencing with taxable years on or after January 1, 2003, the deduction for each dependent is raised to \$3,000.

**Special Apportionment Agreements - HB 1353 (O.C.G.A. §48-7-31; effective 2/17/98)** For tax years beginning on or after January 1, 1998, authorizes the Commissioner of the Department of Revenue to enter into special apportionment agreements with taxpayers who build new facilities or expand existing facilities in Georgia that will have a significant beneficial economic effect on a region. The agreement is for a limited period and is conditional to an application, evaluation and approval process.

**Retirement Income Exclusion - HB 1424 (O.C.G.A. §48-7-27; effective 1/1/99)** Increases the retirement income exclusion to \$13,000 for tax years beginning on or after January 1, 1999.

**Employer Deduction - Social Security Credit - HB 1437 (O.C.G.A. §48-7-28.2; effective 1/1/99)** Creates a deduction for employer social security credit as defined in Internal Revenue Code Section 45B(a) for tax years beginning on or after January 1, 1999. If a taxpayer elects to take an employer social security credit as provided for in IRC Section 38, the taxpayer is allowed a deduction equal to the employer social security credit.

**Income Tax Credit - Caregiving Expenses - HB 1513 (O.C.G.A. §48-7-29.1; effective 1/1/99)** Effective for tax years beginning on or after 1/1/99, creates an income tax credit of 10 percent of "qualified caregiving expenses" not to exceed \$500 for a qualifying family member for home agency services, personal care services, personal care attendant services, homemaker services, adult day care, respite care, or health care equipment and supplies determined to be medically necessary by a physician. The caregiving services must be purchased or obtained from an organization or individual not related to the qualifying family member. The qualifying family member must be at least age 62 and determined to be disabled by the Social Security Administration. The credit is taken against the current tax liability, is not refundable, and may not be carried back or forward. Expenses used elsewhere in the return may not be used to calculate the credit.

(Continued on page 4)

**Commercial Printers - Out-of-state customers - HB 1525 (O.C.G.A. §§48-5-5**

**48-7-1, 48-8-2; effective 7-1-98; section 1 - 1/1/99; section 2 - 7/1/98)** Effective July 1, 1998, and applicable to all taxable years beginning on or after January 1, 1998, creates new definitions for businesses that are out-of-state customers of Georgia-based commercial printers. With these definitions, certain out-of-state businesses may not have nexus with Georgia for income, sales, and property tax purposes.

**Amendments - HB 1596 (effective 4/20/98)** Includes the following amendments consolidated into one piece of legislation.

—**Section 1 (O.C.G.A. §48-1-2).** Applying to tax years beginning on or after January 1, 1998, this is the annual update to follow the Internal Revenue Code as it existed on 1/1/98. A review of the IRC as of that date reveals changes that will not significantly affect Georgia revenues.

## SALES TAX RATE CHANGES

Commencing July 1, the following counties will have either added or discontinued collection of the following local option sales tax. Below please find the affected counties (including their new county sales tax rate as of July 1), and the type of tax that is being either added or discontinued:

### Special Purpose Local Option Sales Tax (SPLOST):

<u>County</u>	<u>New Rate</u>
Clayton - added	7%
Dodge - added	6%
Hancock - discontinued	5%
Houston - added	7%

### Educational Local Option Sales Tax (ELOST):

<u>County</u>	<u>New Rate</u>
Bacon - added	7%
Baker - added	6%
Crawford - added	7%
Greene - added	7%
Union - added	7%

### Special Purpose (SPLOST) and Educational (ELOST):

<u>County</u>	<u>New Rate</u>
Seminole - added	7%

—**Section 2 (O.C.G.A. §48-7-40).** Effective January 1, 1998, amends the job tax credit

to make any business enterprise in a tier 1 county eligible for the credit.

—**Section 3 (O.C.G.A. §§48-7-40.2 et seq.).** Effective July 1, 1998, amends the manufacturers and telecommunications industry investment tax credit to extend the carryforward provisions from five to ten years.

—**Section 6 (O.C.G.A. §48-7-40.5).** Amends the income tax credit for retraining programs by providing a ten-year carryforward on unused credit beginning on or after January 1, 1998. Previously, no carryforward provisions were available for this credit.

**Credit for Handicapped Accessibility Features - HB 1621 (O.C.G.A. §48-7-29.1; effective 1/1/99)** Effective for tax years beginning on or after January 1, 1999, provides for a nonrefundable credit, not to exceed \$500, against the tax liability for purchases of a single-family home containing accessibility features, defined in the bill, for a permanently disabled person. It also allows a credit in the amount of \$125, or the actual cost, to retrofit an existing single-family home with accessibility features not to exceed \$500. Unused credit can be carried forward to apply to the taxpayer's next three years of tax liability.

### **Job and Investment Tax Credits - HB 1667 (O.C.G.A. §48-7-40.15; effective 4/6/98)**

Increases the job tax credit and the investment tax credit for businesses that increase port traffic, increase employment by at least 400 employees, or both. It is applicable for all tax years beginning on or after 1/1/98.

## MOTOR VEHICLE

### **Special Plates - Transfer - HB 1430 (O.C.G.A. §§19-11-18, 40-2-8, 40-2-20, 40-2-21, 40-2-32.1, 40-2-39, 40-2-42, 40-2-43,**

**60.1, 40-2-64, 40-2-68, 40-2-70, 40-2-71, 40-2-73 et seq., 40-2-80, 40-2-83 et seq., 40-2-85.1, 40-2-85.2, 40-2-86, 40-2-86.3, 40-2-86.4, 40-3-4, 40-3-27, 40-3-31, 40-3-36, 40-3-37, 40-3-52, 40-3-53, 48-5-473; effective 4/20/98)** To amend Code Section §19-11-18 relating to child support collection procedures, notice, and judicial review, so as to provide for filing and perfecting a child support system lien against a motor

vehicle for which a certificate of title is required, to provide for perfection of certain

liens; to amend Title 40 relating to motor vehicles and traffic, so as to change certain provisions relating to operation of unregistered vehicles or vehicles without current license plates, revalidation or county decals, storage of unlicensed vehicles, jurisdiction and disposition of fines; to change certain provisions relating to registration and license requirements and penalties; to change certain provisions relating to registration periods; to change certain provisions relating to commemorative license plates; to change the definition of dealer; to change certain provisions relating to transfer of license plates and revalidation decals; to change certain provisions relating to certificates of registration and replacement of lost registration certificate; to change certain provisions relating to issuing license plates or revalidation decals for salvage or rebuilt motor vehicles; to change certain provisions relating to license plates commemorating the 1996 Olympic Games, et al.

### **Used Motor Vehicles - Certain Display on Property - HB 1683 (O.C.G.A. §§43-47-2, 43-47-8.1, 43-47-8.2; effective 4/23/98)**

To amend Chapter 47 of Title 43 relating to used motor vehicle dealers and used motor vehicle parts dealers, so as to define and redefine terms; to make it unlawful for the owner or lessee of real property to allow to be or have certain used motor vehicles displayed or parked on such property for the purpose of selling or advertising the sale of such vehicles; to make it unlawful for the owner or lessee of certain used motor vehicles to display or park used motor vehicles on certain property for the purpose of selling or advertising the sale of such vehicles; to make it unlawful for the owner or lessee of real property knowingly to allow certain used motor vehicles

for the purpose of selling or advertising the sale of such vehicles unless such vehicles are lawfully titled and registered in the name of the individual offering the vehicle for sale; to make it unlawful for any individual or entity to advertise, display, sell, or offer any used motor vehicle for sale unless such vehicle is lawfully titled and registered in the name of the individual owner

(Continued on page 5)

tity offering the vehicle for sale; to provide exceptions to such unlawful activity; to provide for the towing, storage, and disposition of certain vehicles; to provide that certain unlawful activity shall constitute an unfair or deceptive act or practice; to provide for enforcement; to provide for appli-

prohibit certain activity except at an established place of business or temporary site.

#### PROPERTY TAX

**Security Instruments - Cancellation - HB 1144 (O.C.G.A. §44-14-13; effective 7/1/98)** Allows either the grantee, or the holder, of a note to cancel it in the clerk of courts records when satisfied. Removes the requirement that the grantor be notified of the cancellation.

**Exemption of Motor Vehicles for Any Prisoner of War - HB 1145 (O.C.G.A. §48-5-478.1; effective 1/1/99)** Exempts the special-tagged vehicle owned by a former prisoner of war from ad valorem taxes. Its adoption is subject to approval by a statewide referendum.

**Absence from Home Due to Illness Not A Waiver of Homestead Exemption - HB 1174 (O.C.G.A. §48-5-40; effective 1/1/99)** Allows a citizen to maintain their homestead exemption while absent from their homestead due to an extended illness, provided the homestead is not leased or rented. Its adoption is subject to approval by a statewide referendum.

**Ad Valorem Tax; Certain Penalties and Interest Distribution; Modification to Agricultural Products Eligible for**

Interest earned on deposits from tax commissioner's accounts shall be given to the counties unless the law provides otherwise. Allows agricultural products which have been cleaned, dried, treated for pest control or segregated by grade to be eligible for freeport exemption.

**Preferential and Conservation Land Use Covenants Recorded in Clerk's Records - HB 1189 (O.C.G.A. §§48-5-7.1, 48-5-7.4; effective 7/1/98)** Requires individuals requesting preferential or conservation land

treatment for the reduction of ad valorem taxes on their farm land to record the land use covenant in the clerk of superior court's records.

**Exemption of Heavy-Duty Equipment Dealer Inventory - HB 1324 (O.C.G.A.**

**1/99)** Exempts certain dealer inventory of heavy-duty equipment from ad valorem taxes while passing the requirement that ad valorem taxes be paid by the purchaser at the time of sale.

**Ad Valorem Tax Exemption of Certain Livestock, Trees, Bushes and Plants - HB 1350 (O.C.G.A. §§48-5-40 et seq.; effective 1/1/99)** Seeks to broaden the agricultural farm exemption of certain farm products remaining in the hands of a producer to include livestock, crops, fruit and nut-bearing trees, bushes or plants (both annual and perennial), Christmas trees, and plants and trees grown in nurseries for transportation elsewhere. Its adoption is subject to approval by a statewide referendum.

**Limit Penalties on Transferees of Conservation Use Covenants - HB 1365 (O.C.G.A. §48-5-7.4; effective 7/1/98)** Limits the amount of penalty a taxpayer would be responsible for should a conservation use covenant be breached in years 6-10 of the 10-year covenant. The amount of penalty would comprise only the amount of taxes saved over the life of the covenant.

**Tax Executions on Real Property Increased from \$1 to \$5 - HB 1368 (O.C.G.A. §48-3-21.1; effective 7/1/98)** Prohibits a tax commissioner from enforce-

**Ad Valorem Tax Exemption of Certain Religious Properties - HB 1388 (O.C.G.A. §48-5-41; effective 1/1/99)** Exempts from ad valorem taxes all religious properties owned by churches which are used for religious worship and in a support, mission or administrative capacity. It is subject to approval by a statewide referendum.

**Motor Vehicle Registration and Taxation Changes - HB 1430 (O.C.G.A. §48-5-473; effective 5/1/98)** Any newly acquired mo-

tor vehicle which is registered during the owner's initial registration period shall be exempt from ad valorem taxes the first year.

(Continued on page 6)

## TAXPAYER

### SEMINARS

The Department of Revenue's Sales and Use Tax Division has released its 1998 Taxpayer Awareness Seminar Schedule. Conducted annually throughout the state free of charge, the seminars have proven an effective and popular method of educating the public about general sales and use tax law, local taxes, audit preparation, and other areas of interest.

Following is a list of seminar dates and locations, and advance confirmation of at-

ing further information, or who wish to register to attend a specific seminar, are invited to call the DOR's Sales and Use Tax Division in Atlanta at (404) 656-4060. The 1998 seminar schedule:

**July 16:** Macon State College, Lecture Complex Building C, Room 104, Macon; 8:30 a.m.-4:30 p.m.

**July 22:** Dalton College, Memorial Hall Auditorium, Dalton; 8:30 a.m.-4:30 p.m.

**August 26-27:** Gwinnett County Justice & Administrative Center Auditorium, 95 Langley Drive, Lawrenceville; 8:30 a.m.-

**September 24:** Columbus State University, Auditorium, Columbus; 8:30 a.m.-4:30 p.m.

**October 22:** Gainesville College, Auditorium, Gainesville; 8:30 a.m.-4:30 p.m.

**November 13:** Russell Research Center, Auditorium, 950 College Station Road, Athens; 9 a.m.-5 p.m.

**December 8-9:** North Fulton Government Service Center, 7741 Roswell Road, Sandy Springs; 8:30 a.m.-4:30 p.m.

5-45; effective 1/1/99) Changes the deadline for filing for a homestead exemption to June 1; also permits counties with installment billing a May 1 deadline filing date.

**Recordation of Deed Prerequisite to Homestead Exemption - HB 1474 (O.C.G.A. §48-5-40; effective 1/1/99)** Before a property owner may seek to file for a homestead exemption, a deed indicating actual ownership must be recorded with the clerk of superior court.

**Intangible Recording Tax; Clerk of Superior Court Collects - HB 1522 (O.C.G.A. §48-6-60; effective 7/1/98)** Gives the clerk of court the option of collecting the recording intangible tax in those counties with less than 50,000 population.

**Tax Situs of Property Owned by Nonresident Printing Companies - HB 1535 (O.C.G.A. §§48-5-5, 48-7-1, 48-8-2; effective 1/1/98)** Provides that property owned by a nonresident and located in Georgia as a result of a printing contract with a Georgia printer shall not acquire situs in this state for purposes of ad valorem taxation.

**RETT to Fund Land, Water, Wildlife and Recreation Heritage Fund - HB 1551 (O.C.G.A. §48-6-1; effective 1/1/99)** Doubles the rate of Real Estate Transfer Tax from \$1 to \$2 for a period of four years with one-half of the additional proceeds going to the new Land, Water, Wildlife and Recreation Heritage Fund. Its adoption is subject to approval by a statewide referendum.

**Exempt Tax for Vehicles Leased by Disabled Veterans - SB 489 (O.C.G.A. §48-5-478; effective 1/1/99)** Exempts the specially tagged vehicle leased by a disabled veteran from ad valorem taxes. Its adoption is subject to approval by a statewide referendum.

**Provides Referendum to Establish the Land, Water, Wildlife and Recreation Heritage Fund - SB 496 (O.C.G.A. §§12-3-630 et seq.; effective 1/1/99)** Its adoption is subject to approval by a statewide referendum.

#### **SALES TAX**

**Amend County/City Excise Tax - HB 609, 1582 and 1631 (O.C.G.A. §§48-13-51, 48-**

**administered and collected by the local governments. HB 609 and HB 1582 are effective 7/1/98; HB 1631 took effect on 3/3/98.**

**Georgia Golf Hall of Fame - HB 1126 (O.C.G.A. §§12-3-590 et seq.; effective 4/23/98)** Provides for the creation of the Georgia Golf Hall of Fame as a public authority. O.C.G.A. §12-3-586 exempts the Georgia Golf Hall of Fame from Income, Property and Sales and Use Tax.

**ELOST Distribution - Local Legislation - HB 1168 (Local Legislation Act; effective 1/16/98)** Provides for an "alternative" method of distribution for Educational Local Option Sales Tax (ELOST) proceeds for Carroll County. The county and independent school systems mutually agree on a distribution other than that based on student enrollment within their system. The City of Bremen School System will receive 4.4 percent of the total net proceeds; City of Carroll County School System 23.8 percent; and Carroll County School System 71.8 percent. The bill applies to all distributions made on or after the effective date.

**Agricultural Field Use Vehicles - Definition - HB 1175 (O.C.G.A. §§48-9-2, 48-9-10, 48-10-1, 48-10-2; effective 4/23/98)** Changes both the Motor Fuel law and the Motor Vehicle law regarding the definition of certain agricultural field use vehicles. These are vehicles that are engaged in the application of fertilizers, crop protection chemicals and poultry litter in the field and which occasionally operate on the highways of the state. They will be designated as such within the motor vehicle licensing and permitting procedures and will be entitled to a 90 percent refund of motor fuel taxes for fuel used to operate the vehicles.

**County Governments - Audit Requirements - HB 1433 and 1467 (O.C.G.A. §§48-8-111, 48-8-121; HB 1433 effective 7/1/98; HB 1467 effective 4/2/98)** Provides local county governments with certain audit requirements and allows certain uses of proceeds for the Special Purpose Local Option Sales Tax (SPLOST).

**Prohibit Alternative Distribution - HB 1520 (O.C.G.A. §48-8-143; effective 4/2/**

method of ELOST proceeds while the tax is in effect.

**Nexus Definition - In-State Printing - HB 1535 (O.C.G.A. §§48-5-5, 48-7-1, 48-8-2; effective 3/27/98; Sec. 1 - 1/1/99, Sec. 2 - 7/1/98)** Provides for a nexus definition for certain persons, not domiciled in Georgia, but who have printed materials produced in Georgia. The definition of a dealer, for sales and use tax purposes, is amended to exclude any person whose only business activity in Georgia is to store paper stock for the production of printed materials, and activities related to that printing. Because this activity would not create nexus for the entity, subsequent sales of the printed materials or other property advertised with this material would not be taxable for sales taxes. The bill also provides clarifications for nexus as it relates to Property and Income taxes. The Sales and Use Tax portion is to be effective on 7/1/98.

**Various Sales Tax Exemptions - HB 1656 (O.C.G.A. §§48-8-3, 48-8-30; effective 7/1/98)** Provides for a Sales and Use Tax exemption to apply to blood glucose level measuring strips, certain printed advertising inserts, grass sod when sold by the producer, certain funeral merchandise when purchased with funds received from the Georgia Crime Victims Emergency Fund, and the sale of eligible food and beverage by the Girl Scouts or Boy Scouts when part of a fund-raising activity. The bill also provides for a basis of calculating "use tax" at the cost price of the property unless it was purchased more than six months ago; the value would then be based on the cost price or its fair market value, whichever is less.

**Private Credit Card Companies - HB 1660 (O.C.G.A. §48-8-45; effective 7/1/98)** Provides for a sales and use tax deduction for bad debt allowances for private label credit card companies when the credit card agreement is on a nonrecourse basis with the specific dealer.

**Allocate Unprocessable Sales and Use Tax Return Proceeds - HB 1784 (O.C.G.A. §48-8-67; effective 4/6/98)** Provides the Department with a method to allocate unprocessable sales and use tax return proceeds based on the ratio of proceeds dis-

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tributed from processable returns, and further provides for an initial allocation to take place no later than July 1, 1998, to include unidentifiable proceeds received from July 1, 1997 through April 1, 1998. Subsequent allocations of unprocessable proceeds are to occur no less than twice a year. The Department's authority to make such allocations will cease December 31, 2000, unless extended by the legislature.

**Hall County 'ELOST' Distribution - Alternative Method - SB 646 (Local Legislation Act; effective 3/3/98)** Provides for an "alternative" method for distribution of ELOST tax proceeds for Hall County. The City of Buford Independent School District receives the first \$50,000 of the total net proceeds each month; the remaining proceeds will be distributed between the Hall County School District (84.38 percent) and the City of Gainesville Independent School System (15.62 percent) based upon the ratio of

student enrollment in each of the two districts to the total student enrollment in the two districts. The alternative method applies to all distributions made on or after the effective date pursuant to the filing of a proper distribution certificate with the Department.

**TAXPAYER ACCOUNTING**  
**Amusement Machines - HB 1294 (O.C.G.A. §§16-2-95, 48-17-1, 48-17-9; effective 4/2/98)** In reference to O.C.G.A. §16-2-95, the bill provides for a definition of "some skill" in classifying gambling devices and bona fide coin-operated amusement machines. It provides for additions to the list of examples of coin-operated amusement machines, describes what actions taken by the Commissioner constitute sanctions, and acts to require the placement of stickers directly on the machines.

## HB 1162 SIGNED INTO LAW

(Continued from page 1)

Commenting on the importance of HB 1162 to all Georgia taxpayers, Dr. Henry Thomassen, an economic adviser to Gov. Miller, said, "Everyone who files Georgia income tax has a fixed amount of income shielded from taxation. The amount of the exclusion depends upon the marital status of the filer and upon the number of dependents in the household. In 1994, the General Assembly adopted Gov. Miller's proposal to raise the exemption for each dependent from \$1,500 to \$2,500 so as to correct for the slippages which inflation had been causing."

Dr. Thomassen added that HB 1162 will prove less onerous for taxpayers when they have to file their taxes. "In the 1998 General Assembly, a parallel proposal by the Governor was passed and raised the exemption for each filer from \$1,500 to \$2,700 and for each dependent from \$2,500 to \$2,700. With these changes, Georgia's income shield once again matches the federal cover and the erosion from inflation since about 1980 has been overcome," Dr. Thomassen said. "Moreover, with exemptions for filers and dependents once again equal, filing will become simpler and errors less frequent."

## Top Ten Sales & Use Tax Filing Errors

In the interest of reducing filing errors on its Sales and Use Tax Report Form (the "ST-3"), the Sales and Use Tax Division would like all monthly and quarterly filers to take note of the following list of common filing errors. The Division hopes that sales tax filers will take advantage of this information and, as a result, file cleaner, error-free returns that will also take less time and effort to complete. Anyone having questions about any aspect of the ST-3 is invited to call the Sales and Use Tax Division in Atlanta at (404) 656-4060 or their nearest DOR Regional Office. Here is the Department's "Top Ten" list:

1. Dealers using computer generated or blank forms are not entering the **correct sales and use tax number**. Effective July 1, 1997, the Department no longer includes the two-digit commodity code as part of the reporting number; therefore, use only the 9 digit number for filing purposes.
2. Dealers using blank forms are not entering their **company name** on the form. Proper dealer identification is critical to ensure proper processing of the return.
3. Dealers using blank or computer-generated forms are not entering the **correct reporting period**.
4. Dealers are failing to complete the **county tax distribution for each type of local tax** on the back of the report form or the applicable 159 County Tax Distribution Sheets.
5. Dealers are not reporting **total exemptions by tax type** in the Exemption Schedule Section in Part II on the front of the report form. Total exemptions for each applicable tax type must be reported.
6. **Sales amounts** should not be reported on the County Tax Distribution Schedule in Part IV on the back of the report form. This section is for the reporting of specific taxes being paid for each local county tax type.
7. Dealers are failing to include **total sales and taxable sales** when reporting tax. Total sales and taxable sales must be reported in Part I.A. when reporting tax in Part I.B.
8. Dealers are failing to check the box on the front of the report form when making **changes in trade name, address, ownership or telephone number on the back of the return**.
9. Dealers are failing to claim **vendor's compensation** when timely filing and remitting to the State.
10. **County tax distributions** do not match the total amounts for each tax type on the front of the report.

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